

Web giants, film companies at odds over anti-piracy bills

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Film director Penelope Spheeris' new comedy, "Balls to the Wall," had barely premiered in Europe when bootleg copies started popping up on the Internet, throwing its U.S. release into jeopardy. A Spheeris assistant sent out as many as 30 cease-and-desist notices a day in a desperate, but failed, attempt to halt the piracy.

"It's like putting out a forest fire with your bare feet," she said.

That helps explain why Spheeris and other filmmakers are backing tough new legislation making its way through Congress that would give the Justice Department broad powers to shut down websites that host pirated material and would open the door for movie studios, [music companies](#) and other copyright holders to seek court injunctions against Internet companies they believe are aiding in copyright theft, which amounts to \$58 billion a year.

[Internet entrepreneur](#) Gabriel Weinberg just as adamantly opposes the proposed law, fearful it will punish legitimate search engines that unwittingly link to pirated content and curtail innovation on the Web. Having just raised \$3 million for his fledgling search engine DuckDuckGo, "I wouldn't want to spend it all on legal costs," said Weinberg, the company's president.

Spheeris and Weinberg represent opposite camps in a congressional fight that divides California's two most glamorous and energetic industries: Hollywood and Silicon Valley. On one side are old-media [entertainment](#)

[companies](#) such as Warner Bros. and [20th Century Fox](#), which accuse the search companies of acting as fences for private property by collecting advertising revenue from the sites where pirates lurk. On the other are new-media giants such as Google, Yahoo, eBay and [Facebook](#), which say the proposed legislation threatens free speech and will jeopardize the technological stability of the World Wide Web.

"This is truly an epic battle between two huge interests that are both very, very important to our [national economy](#)," said Rep. Anna G. Eshoo, D-Calif., who represents [Silicon Valley](#).

The pending bills in the House and Senate would give the Justice Department power to seek court orders requiring U.S. search engines and Internet sites to block access to foreign websites hawking pirated material. Private companies such as Paramount Pictures and Sony Music Entertainment would also be able to seek court orders preventing such sites from receiving ads and payments services from the U.S.

The fight is curiously nonpartisan, with conservative Republicans and liberal Democrats teamed on both sides of the issue. Some of the split is based on which industry is more dominant in a lawmaker's region. Many Southern California representatives back Hollywood's position, and most Northern California members side with the Internet companies. But political philosophy also plays a role, leading anti-big-government conservatives to join with liberal civil libertarians in opposition to giving Washington what they fear would be broad censorship power over websites.

In the thick of the fight is the Motion Picture Association of America. Hollywood's chief lobbying arm has enlisted support from a broad coalition of industry and labor unions, including the AFL-CIO and the Recording Industry Association of America. Because the bills also protect against counterfeit goods and safeguard prescription drug

patents, they also have the support of the U.S. Chamber of Commerce and the influential pharmaceutical trade group PhRMA.

"Some in the tech community believe that even if their website is being used to house stolen copyrighted content, that's not their problem," MPAA Chief Executive Christopher J. Dodd, the former senator from Connecticut, said in a recent speech. "The time has come to take a tough stand against the rogue sites and the parasites who profit from the outright theft of our content."

The bills' opponents have also been rallying support and spending millions of dollars on their message. A coalition of top Internet companies published full-page ads in major newspapers this month warning of the risks of the proposed laws and urging lawmakers to take a more targeted approach.

"This legislation really is thermonuclear war against the Internet," said Markham Erickson, executive director of NetCoalition, a trade group that represents Internet and tech firms including Google, Yahoo, Amazon and [EBay](#).

Such rhetoric infuriates top studio executives.

"It is my understanding that the Internet was created to withstand nuclear attack," said Fox Filmed Entertainment co-Chairman and CEO Jim Gianopulos. "So I'm curious to understand how an attorney in the Justice Department bringing a proceeding in a federal court can bring it down."

"The idea that this is going to kill the Internet feels like a scare tactic," said Barry Meyer, chairman and CEO of Warner Bros. Entertainment.

The MPAA estimates the U.S. loses more than 300,000 jobs, \$16 billion in earnings and \$58 billion in economic output each year because of

pirated movies, music, software and video games.

"It's the No. 1 issue for us," said Scott Harbinson, international representative for the International Alliance of Theatrical Stage Employees, which has 113,000 members in the U.S. and Canada. "If people aren't investing in motion picture production because of piracy, our guys don't work."

But critics in the tech industry view the legislation as dangerous overreach.

Google copyright counsel Katherine Oyama warned that the House bill "would undermine the legal, commercial and cultural architecture that has propelled the extraordinary growth of Internet commerce," and says it would impose "harsh and arbitrary sanctions without due process."

Both sides are bringing money to the fight. Although bill-specific figures are not available, the pharmaceutical industry has spent \$182 million on Washington lobbying in 2011, more than any other sector, according to the nonpartisan Center for Responsive Politics. The TV, movie and music industries combined have spent \$91.8 million, with the computer and Internet industries right behind at \$91.5 million. [Google](#) alone is said to have spent \$5.9 million.

No one from either side disputes that online piracy is a real problem. And, because the pending bills enjoy bipartisan support, they have a good chance of passing next year, although probably with revisions that would narrow their scope.

Senate Judiciary Committee Chairman Patrick J. Leahy, D-Vt., one of the key lawmakers behind the legislation, said he is willing to revise his bill to reflect the concerns of technology companies but is committed to cracking down on rogue websites.

"There is so much good and so much that's helpful on the Internet. I want to protect that," Leahy said. "But I don't want to protect thieves."

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